
Capital Budget Committee

HB 1784

Brief Description: Eliminating limitations on the investment of certain state moneys.

Sponsors: Representatives Kenney, Sells, Buri and Wood; by request of Washington State University.

Brief Summary of Bill

- The word "irreducible" is stricken from the permanent fund statutes of the public baccalaureate institutions.
- The bill requires passage of a constitutional amendment by voters at the next general election to take effect.

Hearing Date: 2/8/07

Staff: Susan Howson (786-7142).

Background:

In 1889, the federal government granted certain lands to Washington State to be held in trust for what are now the state's public baccalaureate institutions. Proceeds from the sale of timber, minerals, and permanent rights-of-way on these lands, are deposited into "permanent" funds which are managed and invested by the Washington State Investment Board (SIB). The income from these permanent funds is appropriated by the Legislature for the construction and minor works maintenance of university facilities.

There are four permanent funds. Income derived from the "agricultural permanent fund" and the "scientific permanent fund" supports construction and facility improvements at Washington State University. The "state university permanent fund" benefits the University of Washington, and the "normal school permanent fund" benefits Central Washington University, Eastern Washington University, Western Washington University, and the Evergreen State College. The State Constitution prohibits university permanent funds from being invested "in the stock of any

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

company, association or corporation." (Article XII, Section 9) The SIB currently invests these funds in fixed income vehicles.

The State Constitution was amended by voters in 1966 to allow the K-12 common school permanent fund to be invested as authorized by law. It was further amended in 1985 and 2000 to allow moneys of the public pension or retirement funds, industrial insurance trust fund, or funds held in trust for the benefit of persons with disabilities, to be invested as authorized by law.

Summary of Bill:

The bill strikes the word "irreducible" from the permanent fund statutes of the public baccalaureate institutions. The act is void in its entirety if the constitutional amendment proposed in HJR 4215 is not validly submitted to, approved, and ratified by the voters at the next general election.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect if the proposed constitutional amendment is ratified at the next general election.